

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 COME-00 LAB-04 TRSE-00
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CEA-01 DODE-00 FRB-03 H-01 INT-05 L-03 NSC-05
PA-01 CTME-00 AID-05 SS-15 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 JUSE-00 /126 R

DRAFTED BY EB/ITP/EWT:DFRIED/STR:DMCMINN
APPROVED BY EB/ITP:WBARRACLOUGH
COMMERCE:DSCHLECHTY
LABOR:HFIKOWSKI
TREASURY:EBARBER
TREASURY:PMCARTHY
STR:SLANDE

-----032318 011343Z /44

P R 011332Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST PRIORITY
INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EEWT, HU, MTN

SUBJECT: U.S.-HUNGARIAN BILATERAL TARIFF DISCUSSIONS

1. A U.S. DELEGATION LED BY DEPUTY ASSISTANT SECRETARY
WILLIAM BARRACLOUGH AND ASSISTANT STR STEPHEN LANDE MET WITH
HUNGARIAN TRADE NEGOTIATOR JANOS NYERGES ON MONDAY, JULY 24
FOR INITIAL BILATERAL DISCUSSION ON TARIFFS. THE FOLLOWING
MAJOR POINTS WERE RAISED:

A. U.S. TARIFF OFFER. THE VALUE TO HUNGARY OF THE U.S.
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TARIFF OFFER ON BOTH INDUSTRIAL AND AGRICULTURAL GOODS WAS
OUTLINED. DAS BARRACLOUGH NOTED THAT WHILE THE U.S. TARIFF
OFFER TABLED IN GENEVA IS EXTREMELY FORTHCOMING AND IS CON-
SIDERED OUR MAXIMUM OFFER, THE U.S. WOULD BE WILLING TO DIS-
CUSS MODIFICATIONS TO OUR OFFER WITH THE GOH. ASSISTANT STR
LANDE SUGGESTED THAT THE HUNGARIANS MIGHT WANT TO PROVIDE US
WITH A LIST OF THOSE ITEMS IN OUR CURRENT OFFER WHICH THEY

WOULD LIKE MAINTAINED (I.E. PRIORITY ITEMS ON WHICH HUNGARY WOULD NOT WANT WITHDRAWALS MADE). NYERGES' REACTION TO THE U.S. OFFER WAS GENERALLY FAVORABLE ALTHOUGH HE SAID IT AFFECTED A RELATIVELY SMALL AMOUNT OF HUNGARY'S TOTAL EXPORTS TO THE U.S. HE ADDED THAT HIS GOVERNMENT WOULD PROVIDE A LIST OF PRIORITY ITEMS IN THE U.S. OFFER.

B. HUNGARY'S TARIFF OFFER. NYERGES STATED THAT CONDITIONAL ITEMS IN THE HUNGARIAN OFFER TABLED IN GENEVA WOULD BECOME EFFECTIVE ONLY WHEN THE EC'S DISCRIMINATORY QUANTITATIVE RESTRICTIONS ARE REMOVED. NYERGES SAID, HOWEVER, THAT HUNGARY WANTED TO BE AS RESPONSIVE AS POSSIBLE TO U.S. REQUESTS AND WOULD CONSIDER FAVORABLY REDUCING TARIFFS ON CONDITIONED ITEMS UNDER THE FOLLOWING CIRCUMSTANCES:

- IF THE U.S. OR OTHER PRODUCER-COUNTRY WERE TO REPLACE THE EC AS A 50 PERCENT SUPPLIER OF A PARTICULAR GOOD;
- IF PRODUCTS COULD BE IDENTIFIED WITHIN THE SIX-DIGIT TARIFF LINES REQUESTED BY THE U.S. FOR WHICH THE U.S. IS THE PRINCIPAL SUPPLIER OR SOLE MANUFACTURER AND EXPORTER TO HUNGARY;
- IF THE U.S. SHOULD LIBERALIZE ITS EXPORT LICENSING PROCEDURES FOR PARTICULAR ITEMS, HUNGARY WOULD CONSIDER FAVORABLY TARIFF CUTS ON THOSE ITEMS, (BARRACLOUGH STRESSED THAT THE U.S. COULD NOT POSSIBLY CONSIDER LOOSENING EXPORT LICENSING PROCEDURES IN EXCHANGE FOR HUNGARIAN TARIFF RELIMITED OFFICIAL USE

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DUCTIONS).

C. U.S. REQUESTS OF HUNGARY. BARRACLOUGH EXPLAINED THAT THE U.S. TARIFF REQUESTS WERE TENTATIVE AND MIGHT BE MODIFIED BOTH FOR AGRICULTURAL AND INDUSTRIAL ITEMS AT A LATER DATE. NYERGES SAID THAT THE U.S. REQUEST LIST WAS GENERALLY FAIR AND THAT HUNGARY WOULD BE READY TO DISCUSS SPECIFIC ITEMS ON THE LIST ONCE SPECIALISTS IN BUDAPEST HAD HAD AN OPPORTUNITY TO THOROUGHLY REVIEW THEM. IT WAS AGREED THAT MORE IN DEPTH TARIFF DISCUSSIONS WOULD BE HELD IN BUDAPEST IN THE SECOND WEEK IN SEPTEMBER.

D. OTHER MTN ISSUES. NYERGES RAISED A NUMBER OF MTN RELATED ITEMS INCLUDING THE SUBSIDIES CODE, STEEL, SAFEGUARDS, AND THE U.S. MTN REQUESTS OF HUNGARY TABLED MID JUNE. HE SAID THAT THE GOH'S RESPONSE TO OUR MTN REQUEST IS GENERALLY FAVORABLE. HUNGARY INTENDS TO SUBMIT LANGUAGE FOR THE TEXT OF THE SUBSIDIES CODE ON NONMARKET ECONOMY COUNTRIES' PARTICIPATION. VANCE

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